



EXHIBIT 5  
DATE Feb 2, 2011  
HB 316

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*Joint Appropriations Subcommittees  
Health and Human Services  
Long Range Planning*

*February 2, 2011*

***HB 316***

For the record, I am Rose Hughes, Executive Director of the Montana Health Care Association, an organization that represents long term care facilities throughout the state of Montana.

HB 316 proposes to transfer funds from various state special revenue accounts to the general fund.

Sections 6 and 8 of this bill refer to the nursing home utilization fee (or bed tax) and transfers 10% of the tax collected from nursing homes from the special revenue account which helps fund nursing home services for Medicaid beneficiaries to the state general fund.

Section 15 transfers 10% of the tobacco tax funds which now go to the health and medicaid initiatives account to the general fund. Some of these funds are also used to fund nursing home services for Medicaid beneficiaries.

Two documents are attached which provide information about the nursing home utilization fee and the potential effect of HB 316 on Medicaid reimbursement to nursing homes.

We oppose the transfer of funds from the nursing facility utilization fee account to the general fund and ask that HB 316 be amended to remove these provisions.

Thank you for the opportunity to be heard. We would be happy to answer any questions you may have.

[www.mthealthcare.org](http://www.mthealthcare.org)

*MHCA...providing leadership and empowerment within the long term care continuum  
through education, advocacy, information and support to our members.*

## ***NURSING HOMES - UTILIZATION FEE***

Since 1992, nursing homes have paid a "utilization fee" (bed tax) to help assure the adequacy of Medicaid reimbursement rates.

The fee is \$8.30 per patient day on all patients - including those who pay privately for their own care.

The total provider fee paid by nursing homes amounts to about \$14.6 M annually. About 34% of this fee paid by nursing homes already goes to the state General Fund.

This money is used - instead of state General Funds - to match federal funds used to reimburse nursing homes.

The history of the fee is as follows:

FY 1992	\$1.00 ppd - third party days only
FY 1993 - FY 1994	\$2.00 ppd - third party days only
FY 1995 - FY 2003	\$2.80 ppd - all patient days
FY 2004	\$4.50 ppd - all patient days
FY 2005	\$5.30 ppd - all patient days
FY 2006	\$7.05 ppd - all patient days
FY 2007 - present	\$8.30 ppd - all patient days

*Montana Health Care Association  
36 S. Last Chance Gulch, Suite A  
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*February 1, 2011*

## ***NURSING HOMES***

### ***MEDICAID REIMBURSEMENT RATE - FY 2011***

#### ***GENERAL FUND IMPACT***

**TOTAL AVERAGE RATE\***      \$164.02

Paid by patient	29.80	(18.2%)
Paid by bed tax on nursing homes	13.53	( 8.3%)
Paid by State	30.92	(18.8%)
Paid by Federal government	89.77	(54.7%)

*\*does not include IGT payments which have not yet been made (FY11 payments are projected to be about \$2 ppd for non-county facilities and \$5 ppd for county facilities.)*

*Assumptions based on DPHHS projections:*

Medicaid days	1,080,661
Total days	1,760,406
Bed tax	\$8.30 ppd
FMAP	.3312

*Montana Health Care Association  
January 24, 2011*

**PROPOSED CUTS IN MEDICAID REIMBURSEMENT**  
**and**  
**COST vs. RATE INFORMATION - NURSING HOMES**

Cuts proposed include (all funds):

Rate decrease	-\$ 4.4 M over the biennium
Direct care wage funding	-\$11.4 M over the biennium
5% cuts	-\$ 7.5 M over the biennium
<b>Current status</b>	<b>-\$23.3 M over the biennium (all funds)</b>

HB 316 proposed cuts:

Nursing home bed fee	-\$5.4 M over the biennium
Tobacco tax	-\$2.4 M over the biennim
Tobacco interest	- .5 M over the biennium
<b>Impact of HB 316</b>	<b>-\$8.3 M over the biennium (all funds)</b>

The following chart shows the rate decreases proposed in the Governor's budget for nursing homes. It also shows our projections of actual costs of providing care to Medicaid beneficiaries. It does not include the 5% cuts which would be over and above what is shown below.

Applying a modest inflationary increase of 2% per year to current costs, we project our actual costs for the 2013 biennium to be:

FY2012	\$183.18
FY2013	\$186.83

State Fiscal Year	Medicaid Rate	Cost of Care Per Patient Day (Projected)	Rate vs. Cost Comparison
2011 (current)	\$164.02	\$179.58	(\$15.56)

State Fiscal Year	Medicaid Rate Governor's Budget	Cost of Care Per Patient Day (Projected)	Rate vs. Cost Comparison (before IGT)
2012	\$161.92	\$183.18	(\$21.26)
2013	\$162.52	\$186.83	(\$24.31)

*Montana Health Care Association*  
*February 1, 2011*